

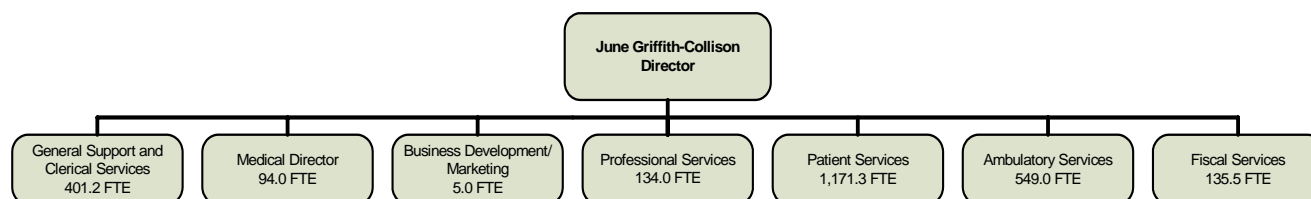
ARROWHEAD REGIONAL MEDICAL CENTER

June Griffith-Collison

MISSION STATEMENT

To provide quality healthcare to the community.

ORGANIZATIONAL CHART



SUMMARY OF BUDGET UNITS

	2005-06				
	Appropriation	Revenue	Fund Balance	Revenue Over/ (Under) Exp	Staffing
Arrowhead Regional Medical Center	330,094,110	325,780,391		(4,313,719)	2,491.0
Tobacco Tax Funds	1,871,026	1,709,360	161,666		-
TOTAL	331,965,136	327,489,751	161,666	(4,313,719)	2,491.0

Arrowhead Regional Medical Center

DESCRIPTION OF MAJOR SERVICES

Arrowhead Regional Medical Center (ARMC) is a state-of-the-art facility that offers the latest in patient care by providing a full range of services, which include inpatient and outpatient services, three family health centers, Department of Behavioral Health's inpatient activities and other specialized services.

Inpatient care service lines include:

- Inland Counties Regional Burn Center, which provides total care of burn patients of all ages and serves the counties of San Bernardino, Riverside, Inyo and Mono
- Labor and Delivery/Maternity, which provides monitoring of labor and care during child birth and postpartum
- Epilepsy Monitoring Unit, which provides the mechanism to wean non-epileptic patients off anticonvulsive drugs (ACD) and assists in establishing accurate diagnosis for seizure patients
- Medical Intensive Care Unit (MICU), which provides critical care for medical patients requiring continuous assessments and observation
- Medical, Surgical, Oncology, Geriatric, Orthopedics, Medical/Surgical/Telemetry/Renal Transplant, which provides patient care, nursing assessment and observation of adult medical/surgery patients and kidney transplant patients
- Neonatal Intensive Care Unit (NICU), which provides care for newborns requiring continuous assessments and observation
- Nursery, which is a full service nursery for newborns
- Pediatrics, which provides patient care, nursing assessment and observation to pediatric patients
- Surgical Intensive Care Unit (SICU), which provides critical care for surgical patients requiring continuous assessments and observation
- Transplant services, which includes actual transplant surgery as well as patient evaluation, follow-up contact with patients after transplants, diagnostic planning and case management
- Dialysis Program, which provides pre- and post-workup treatments, education and transplant evaluation work up for dialysis patients



Outpatient care service lines include:

- Outpatient Care Specialties, which provides a wide range of specialty services such as:
 - Family and Elder Care Community Services providing preventive health maintenance and primary care for all ages
 - Internal Medicine Services, which include Cardiology, Allergy, Nephrology, Endocrinology, Gastroenterology, Hematology, Dermatology, Neurology, Rheumatology, and numerous other subspecialties
 - Surgical Services, which consist of a variety of general to specialized surgical services for the care of our patients
 - Orthopedic Services, which provide services for diagnosis and treatment of diseases and abnormalities of the musculoskeletal system
 - Rehabilitation Medicine Services, which provide care for State disability evaluation, spinal cord injuries, amputees, as well as other rehabilitative services
 - Pediatric Services, which provide a variety of comprehensive services and offers well-child visits, high risk follow-up, sick child walk-in visits, as well as pediatric specialties
 - Women's Health Center, which offers excellent comprehensive pregnancy services from preconception counseling to postpartum care
- Family Health Centers (FHC's), which provide outpatient community health care in the form of three clinics called:
 - The Arrowhead McKee Family Health Center
 - The Arrowhead Westside Family Health Center
 - The Arrowhead Fontana Family Health
- Emergency Department, which provides full service trauma, acute and minor emergency care

Other specialized services include:

- Imaging Department (Radiology), which provides x-rays, bone density testing, mammography, stereo tactic breast biopsies, CT scan, MRI, ultrasound, nuclear medicine, diagnostic radiology, and radiation oncology
- Neurodiagnostics/EEG/EKG/EMG, which provides outpatient EEG, EKG and EMG testing as well as intra operative monitoring
- Laboratory, which provides routine lab tests, blood transfusion services and blood donor program, and diagnostic services including chemistry, hematology, bacteriology, toxicology, and pathology
- Pharmacy Services, which include mail order distribution to selected Arrowhead Family Health Centers
- Rehabilitation Services, which includes Physical Therapy/Occupational Therapy/Speech Therapy for trauma rehabilitation, brain injury rehabilitation, spinal column injury rehabilitation
- Respiratory Care/Cardiology Services/Sleep Apnea Lab, which provide complete cardiopulmonary care including pulmonary stress testing, arterial blood gas tests, continuous mechanical ventilator service, and other respiratory treatments
- Guest Services, which include gift shop, social services, pastoral care and cafeteria dining
- Home Health Services, which include rehabilitative care extended to Home Health Care
- Health Information Library
- Diabetes Education Program
- Wound Care Management, which includes Hyperbaric oxygen therapy for treatment of problem wounds

Behavioral Health Services include:

- Inpatient psychiatric treatment services for adults, which include evaluation, assessment and treatment by the interdisciplinary team of psychiatrists, clinical therapists, nurses and occupational therapists
- Medication, individual and group therapy and family education

Revenue resources for ARMC are comprised of the following: Disproportionate Share Hospital (DSH) Programs (SB 855, SB 1255, GME), third party payors, Medi-Cal and Medicare, AB 915, tobacco tax funds, current services, miscellaneous revenue, and Health Realignment. Summary information regarding key components of this budget unit appears below. The "Rev Over/(Under) Exp" amount shown above reflects the enterprise fund's depreciation requirement, and is not a shortfall to the budget. Equipment depreciation expense of approximately \$6.2 million is included as an operating expense; because funding is not required to offset this amount, a corresponding amount of revenue is not budgeted.

- The DSH programs were established to provide supplemental Medi-Cal payments to certain hospitals that provide services to disproportionate members of Medi-Cal and other low-income patients. These

programs assist safety net hospitals in meeting the uncompensated costs associated with providing medical services to uninsured and underinsured patients. These programs are mechanisms for distributing federal health care funds. The programs require the county to transfer general fund dollars (reflected in Health Care Costs (HCC) budget unit) to the state. Through a matching process, the county receives back its initial contribution plus the federal health dollars. The federal health dollars are accounted for in the ARMC budget in the state and federal category. The level of the county's contribution is set during the year by the state. As a result, the amounts in the HCC budget represent estimates of the funds that will be needed to support the transfers, which will take place during the coming fiscal year. In a similar fashion, this budget cannot fully reflect the amount of federal health dollars received via DSH programs until the county is notified of the matching amounts during the course of the fiscal year. The DSH program comprises two elements:

- The SB 855 program provides supplemental payments to hospital that serve a disproportionate number of low-income individuals. Public entities are required to transfer funds to the State Department of Health Services by an intergovernmental transfer. These funds are matched with the federal funds and redistributed as supplemental payments to all eligible hospitals including non-public hospitals. A hospital may receive DSH payments if its Medi-Cal utilization rate exceeds an established threshold or it uses minimum percentage of its revenues to provide health care to Medi-Cal and uninsured patients. The SB 855 program accounts for approximately 9.42% of ARMC's net revenue.
 - The SB 1255 program supplements eligible hospitals that are licensed to provide emergency medical services and contract with California Medical Assistance Commission (CMAC) to serve Medi-Cal patients under the Selective Provider Contracting Program. Intergovernmental transfers are also made. These funds are combined with matching federal funds and redistributed by CMAC as supplemental payments to hospitals demonstrating a need for additional funds. CMAC ultimately determines the amount received by each participating hospital. The SB 1255 program accounts for 11.15% of ARMC's net revenue.
 - The GME program is part of the SB 1255 program; it provides supplemental payments to DSH hospitals that are also teaching facilities. Payments are determined solely by CMAC and the amount can vary from year to year. Similar to other SB 1255 revenues, the amount actually received is determined by the state during the course of the fiscal year. The GME program accounts for approximately 1.23% of ARMC's net revenue.
- Centers for Medicare and Medicaid Services (CMS) approved California's Medicaid State Plan Amendment (SPA) implementing the provisions of AB 915 (Welfare and Institutions Code Section 14105.96, Statutes of 2002). AB 915 provides public hospitals with a Medicaid supplemental payment for unreimbursed Medi-Cal hospital outpatient fee-for-service expenses. This measure was implemented retroactively from July 1, 2002 and became effective in the 2003-04 year and each fiscal year, thereafter. The supplemental Medi-Cal payment is based on each hospital's certified public expenditures (CPE), which are matched with federal Medicaid payments. ARMC's claim for reimbursement is limited to the federal share of the unreimbursed Medi-Cal expenses that are certified. AB 915 revenue accounts for 4.23% of ARMC's net revenue.
 - Medi-Cal fee for service is a state run insurance program that covers medical bills for low-income patients and accounts for 20.26% of ARMC's net revenue.
 - Medi-Cal Managed Care is a program that is administered by Inland Empire Health Plan (IEHP) that covers medical costs for low-income patients under an HMO type structure and accounts for 2.74% of ARMC's net revenue.
 - Tobacco Tax funds are allocated by the state to partially reimbursed hospitals for uncompensated medical care. Tobacco Tax funds account for 0.45% of ARMC's net revenue.
 - In November 1998, Proposition 10 was passed by California voters and became the Children and Families Act of 1998 (Act). This Act provided for additional taxes on tobacco products, which created a revenue stream directed towards promoting, supporting and improving the early development of children from the prenatal stage to five years of age. The Act established the local Children and Families Commission for San Bernardino County, which is responsible for implementation and coordination of a countywide system to provide child and family support services, including healthcare and education.



ARMC is currently administering the First Five Dental Program (Program) grant. ARMC took over this program in October 2004. The new revenue accounts for 0.37% of ARMC's net revenue.

- Medicare is a federal insurance program for people over the age of 65. Medicare accounts for 9.63% of ARMC's net revenue.
- The current services revenue category is comprised of:
 - Insurance Revenue from third party insurance carriers paying on behalf of patients primarily receiving services from ARMC's trauma center. This revenue accounts for 19.08% of ARMC's net revenue.
 - A contract with Department of Behavioral Health (DBH), for provision of services to mentally ill inpatients, accounts for 6.14% of ARMC's net revenue.
 - Self-pay revenue consists of payments from patients who do not qualify for any reimbursement program and are responsible for their own bills; it accounts for 2.63% of ARMC's net revenue.
- Other revenue is primarily cafeteria sales, reimbursements from contracted physicians for office space, and payment from Riverside Regional County Medical Center (RRCMC) for services provided by ARMC's medical residents assigned to RRCMC. This revenue accounts for 1.17% of ARMC's net revenue.
- Health Realignment is a portion of the vehicle license fees and sales tax collected by the state and distributed to counties to cover the cost of indigent health care. It accounts for 11.50% of ARMC's net revenue.

BUDGET AND WORKLOAD HISTORY

	Actual 2003-04	Budget 2004-05	Actual 2004-05	Budget 2005-06
Appropriation	285,852,123	308,782,832	307,053,857	330,094,110
Departmental Revenue	280,930,688	298,070,213	303,214,159	325,780,391
Revenue Over/(Under) Expense	(4,921,435)	(10,712,619)	(3,839,698)	(4,313,719)
Budgeted Staffing		2,432.3		2,491.0
Fixed Assets	1,640,973	1,601,744	1,314,030	1,902,813

Workload Indicators

Average Daily Inpatient Census ARMC	268	272	271	279
Average Daily Inpatient Census DBH	51	56	45	56
Emergency Room Visits	88,338	97,790	81,712	97,790
Outpatient Clinic Visits	244,324	244,534	251,451	250,715

The variance between budgeted and actual expenses for 2003-04 is due to: salaries and benefits savings of \$2.2 million caused by difficulty in filling positions; actual depreciation expense being \$6.3 million less than budgeted due to the retirement of certain fixed assets; additional transfer for debt service; and service and supplies expense exceeding budgeted expense due primarily to professional services costs. The professional services costs were high due primarily to the use of temporary help, registry nurses and contracted staff.

The revenue variance is due primarily to increased receipts from the DSH programs for Supplemental Medi-Cal payments to disproportionate members of Medi-Cal and other low-income patients. The receipt of the additional revenue decreased ARMC's use of Realignment funds as reflected in Operating Transfers In.

Workload indicators variances between actual and budgeted for 2004-05 existed in the following areas:

Average Daily Census – ARMC: The average census declined as a result of the state closing the Pod Triage in the Emergency Room (ER) in August 2004 due to EMTALA deficiency licensing requirements. The closure of this unit deteriorated the flow of admissions into the hospital as 80% of total admissions originate from the ER. Another contributing factor to this decline was that ARMC anticipated the ER expansion to be completed in September 2004 but it was not completed until March 2005. The 2005-06 budget was increased to reflect the current volume since the opening of the 9 additional beds in the ER.

Average Daily Census – DBH: The average census declined by 16.66% as a result of closing the Children's unit in June 2004 due to drop in volume. The Behavioral Health Department is contracting directly with Loma Linda University and Canyon Ridge for this service now. The 2005-06 budget reflects a planned conversion of the

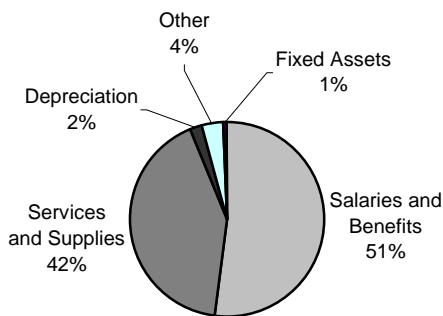


Children's unit into Adult Psyche to capture patients being transfer to other facilities and to reduce the number of patients being treated in the Behavioral Health ER Triage. This conversion will bring budget 2005-06 in line with budget 2004-05.

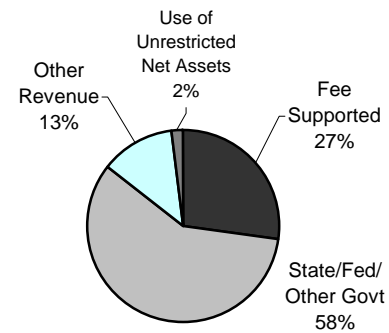
Emergency Room Visits: ER visits declined by 16.44% due to the closure of the Pod Triage unit and the delay in opening the ER expansion. The closure deteriorated the throughput of patient flow and increased the number of patients leaving without being seen from 25 to 46 patients a day. The 2005-06 budget projects that volume will increase to the 2004-05 budgeted level based on the trend seen since the opening of the ER expansion. The expansion will also improve patient flow, thus reducing the patients' wait time and capturing the patients leaving the facility without being seen by a physician.

Outpatient Clinic Visits: Outpatient Clinic visits increased as expected due to the completion of the remodel of the leased building for the Westside Clinic which allowed the clinic to accommodate more outpatient visits with increased efficiency of operations.

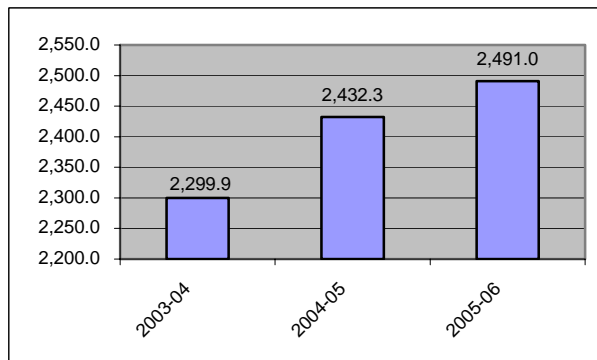
2005-06 BREAKDOWN BY EXPENDITURE AUTHORITY



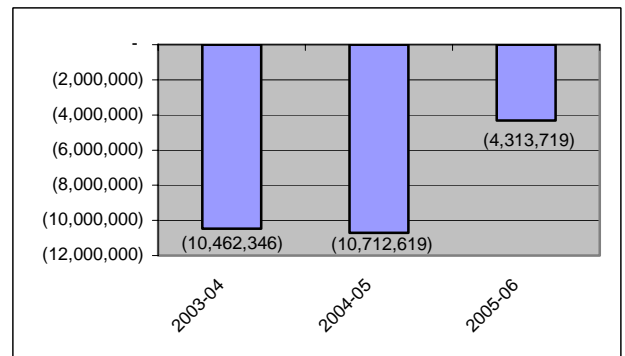
2005-06 BREAKDOWN BY FINANCING SOURCE



2005-06 STAFFING TREND CHART



2005-06 REVENUE OVER/(UNDER) TREND CHART



GROUP: Administrative/Executive
DEPARTMENT: Medical Center
FUND: Arrowhead Regional Medical Center

BUDGET UNIT: EAD MCR
FUNCTION: Health and Sanitation
ACTIVITY: County Medical Center

	2004-05 Actuals	2004-05 Final Budget	2005-06 Board Approved Base Budget	2005-06 Board Approved Changes to Base Budget	2005-06 Final Budget
<u>Appropriation</u>					
Salaries and Benefits	154,101,291	156,337,496	168,591,080	2,983,587	171,574,667
Services and Supplies	130,590,559	128,215,171	134,386,148	5,363,878	139,750,026
Central Computer	773,607	738,890	845,868	-	845,868
Other Charges	1,092,531	889,763	929,085	103,443	1,032,528
Transfers	905,863	919,649	937,649	36,840	974,489
Total Appropriation	287,463,851	287,100,969	305,689,830	8,487,748	314,177,578
Depreciation	6,049,319	12,314,363	12,314,363	(6,097,831)	6,216,532
Operating Transfers Out	13,540,687	9,367,500	9,367,500	332,500	9,700,000
Total Requirements	307,053,857	308,782,832	327,371,693	2,722,417	330,094,110
<u>Departmental Revenue</u>					
State, Fed or Gov't Aid	192,662,868	172,971,558	174,180,724	19,232,038	193,412,762
Current Services	84,747,673	91,168,773	91,168,773	(644,341)	90,524,432
Other Revenue	6,174,868	3,379,882	3,379,882	1,093,315	4,473,197
Total Revenue	283,585,409	267,520,213	268,729,379	19,681,012	288,410,391
Operating Transfers In	19,628,750	30,550,000	30,550,000	6,820,000	37,370,000
Total Financing Sources	303,214,159	298,070,213	299,279,379	26,501,012	325,780,391
Revenue Over/(Under) Exp	(3,839,698)	(10,712,619)	(28,092,314)	23,778,595	(4,313,719)
Budgeted Staffing		2,432.3	2,443.7	47.3	2,491.0
<u>Fixed Assets</u>					
Equipment	961,224	1,000,000	1,000,000	-	1,000,000
L/P Equipment	352,806	601,744	1,138,320	(235,507)	902,813
Total Fixed Assets	1,314,030	1,601,744	2,138,320	(235,507)	1,902,813

Budget Highlights

Based on the projected inpatient census and outpatient activity, expenses are expected to increase in 2005-06 by \$21.3 million, or 6.9% from the 2004-05 budget. The increases described below are from budget to budget and include all Board approved changes.

Salaries and benefits will increase by approximately \$15.2 million. Of this amount, \$11.6 million is due to anticipated increases due to labor negotiations, retirement costs, and workers' compensation rate increases. An additional \$2.3 million is attributable to the addition of staffing and \$0.7 million is related to the Clerical Classification Study. The balance of \$0.6 million can be attributed to step increases and miscellaneous benefits.

The net change in budgeted staffing is an additional 58.7 positions to accommodate the growth in volume, comply with required staffing ratio in nursing care services, convert contracted services or contracted employees to full-time employees and to implement the new First Five Dental Program. The following units were affected:

- Nursing Services will increase by 20.8 positions to comply with staffing ratios.
- Ancillary Services will increase by 14.4 positions to convert contracted staffing in Rehabilitation Departments, Neuro Diagnostic Imaging and Hyperbaric/Wound Care Department; and implement the First Five Dental Program.
- Support Services will increase by 23.2 positions for conversion of contracted services in Security Department, additional custodians, and clerical and professional positions from the following departments: Business Office, Appointment Center and Human Resources.
- Two reclassifications are being requested in the 2005-06 budget for a total change in budgeted staffing of 0.3 positions.



Services and supplies are budgeted to increase by \$11.5 million primarily due to increase in volume and inflationary factors and other changes in patient services. This increase is related to several changes with the most significant explained below:

- Increase in Minor Equipment of \$1.9 million primarily due to Information Technology infrastructure enhancements. These enhancements include the deployment of a phased-in wireless network that will provide mobility and clinical staff easier access to patient's medical information for better efficiency and patient care.
- Increase in Malpractice insurance of \$3.8 million, or 124.79%, based on claims settled in fiscal year 2003-04.
- Increase in Medical Supplies and pharmaceuticals of \$2.0 million due to increases in patient activity and projected inflationary cost.
- Increase in utilities of \$0.4 million due to volume and rate increase primarily in electricity and gas charges and phone expenses.
- Increase in County Wide Cost Allocation Plan (COWCAP) of \$0.8 million.
- Increase in professional services of \$1.0 million for the following contracts: \$0.7 million for First Five Dental Plan program approved midyear, \$0.1 million increase in IEHP claims, \$0.4 million in pharmacy services due to annual rate increase, \$0.2 million for Mojave Radiation to cover new IRMT radiation procedures and other increases in several contracts of \$0.6 million. These increases were partially offset by decreases from the termination of the Hyperbaric Wound Management Contract due to the addition of new full-time manager (\$0.2) million and the conversion of contracted security services of (\$0.8) million to full time employees.
- Increase in Professional (physician) Fees of \$1.1 million due to new contract terms as approved by the Board effective June 2004 affecting rate increases and volume increases.
- Increase in building and equipment maintenance costs of \$0.5 million due to aging equipment and expiring warranties.
- Increase in equipment rental of \$0.4 million to replace aging equipment in the Laboratory Department.
- These increases were partially offset by cost decreases of (\$0.4) million due to Children's Tobacco Act Protection program (CTAP) payments now budgeted in other charges and other miscellaneous decreases.

Other charges increased by \$142,765 due primarily to the reclassification of CTAP payments previously budgeted in services and supplies.

Transfers out to other departments increased by \$54,840 due to increases in Employee Health and Productivity (EHAP) charges and rent costs.

Depreciation expense is decreasing by \$6.1 million due to retiring fully depreciated equipment.

Operating transfers out increased by \$0.3 million to fund the conversion of the Behavioral Health Unit to Medical Surgical Units of \$1.1 million and reduction of \$0.8 million due to the completion of the Emergency Room project in 2004-05 and deferring the paving project until 2005-06 to in-house personnel.

Increase in capital leases of \$0.3 million due to a new lease approved during the year for a multi slice CT scan.

Based on the projected inpatient census, outpatient activity, and anticipated rate increases, revenues are expected to increase by \$27.0 million in the 2005-06 budget.

The state aid and federal revenue category is projected to increase by \$20.4 million. This will result from following:

- SB 855 funding is expected to decrease by \$(1.6) million due to the elimination of the one-time special allocation of \$3.0 million partially offset by an anticipated increased due to cost increases.

- SB 1255 is estimated to increase by \$14.3 million based on 2004-05 anticipated receipts that are \$7.8 million higher than budgeted and an expected increase from further negotiations with CMAC illustrating the increasing needs of ARMC.
- AB 915 Program is projected to increase by \$5.6 million. The 2002-03 allotment received during 2004-05 of \$9.8 million was \$3.3 million higher than budgeted. The estimate was understated as this was the first allotment received and the actual distribution was unknown. For budget 2005-06, the allotment is estimated to be \$13.8 million based on the actual claim filed for 2003-04 and an additional adjustment to reflect increased costs in 2005-06. The unreimbursed Medi-Cal expenses claimed for 2003-04 were \$24.2 million. This Medi-Cal supplemental payment is limited to the federal share only or approximately 50% (\$12.1 million) of the claimable amount.
- Medi-Cal fee for service revenue is projected to increase by \$0.5 million due to anticipated volume increases.
- Tobacco Tax funds are projected to increase by \$0.3 million due to a shift in Emergency Medical Services Account (EMSA) funds to the hospital.
- Proposition 10 funds, in the amount of \$1.2 million, are a new funding source for ARMC that was approved during the year to administer the First Five Dental program.
- Medicare revenue is projected to increase by \$0.1 million due to increased discharge and an increase in the Federal Diagnosis Related Group payment rate.

The current services revenue category will decrease by \$(0.6) million. This will result from the following:

- Increase in insurance revenue of \$3.7 million due to a 7% rate increase partially offset by anticipated decreases of \$(2.0) million due to a shift in patient mix and a decrease in admissions from the Burn Unit due to discontinued contracts.
- Decrease in private pay of \$(2.4) million, as anticipated increase budgeted in 2004-05 did not materialize.

Other revenue is expected to increase by \$1.0 million due to increased cafeteria sales and increased reimbursements from Riverside Regional County Medical Center.

Operating transfers in is expected to increase by \$6.8 million due to an additional allocation in Health Realignment funds to partially offset the increased costs related to providing health care to indigents. Of this amount, \$3.3 million is a one-time allocation to fund the construction of additional Medical/Surgical Beds in the Behavioral Health unit and a new Computerized Physician Order System that would improve record keeping for patients' charts.

DEPARTMENT: Medical Center
FUND: Arrowhead Regional Medical Center
BUDGET UNIT: EAD MCR

BOARD APPROVED CHANGES TO BASE BUDGET

Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Revenue Over/ (Under) Exp
1. Salaries & Benefits	47.0	2,971,491	-	(2,971,491)
Salaries & benefits are expected to increase by \$2,307,791 with the addition of 47.0 positions.				
Nursing Services budgeted staffing will increase by a total of 20.8 positions:				
-42.8 Nursing Attendants in Nursing Departments due to acuity and volume increase				
- 1.0 Operating Room Director in Surgical Services Department to improve services				
- 7.9 Registered Nurse II to adjust staffing ratio due to regulatory mandate				
- 6.2 Float Pool Nurse Per Diem to comply with required staffing ratio from 1:6 to 1:5 in Medical Surgical Units				
- 1.8 Ward Clerk in Emergency Room Department to provide clerical support for the new Emergency Room Pod Triage Expansion				
- 0.5 Per Diem RN II to Surgical Services Department due to volume increase				
- 1.0 Hospital Service Worker to Surgical Services Department due to volume increase				
- 2.0 Per Diem LVN to Surgical Services due to volume increase				
- 0.2 Clinical Therapist to Behavioral Health to improve services				
- 2.9 Mental Health Nurse II to improve Triage system in Behavioral Health for quality improvement compliance				
- 1.3 Nurse Supervisor to Trauma Care and Nursing Administration to improve services				
- 0.8 Registered CardioPulmonary Nurse for volume increase in interventional cardiology services				
- 0.2 Transplant Program Coordinator for volume increase as a result of the new outpatient Dialysis unit				
The additions were partially offset by the deletion of 47.8 positions mainly due to a switch in utilizing nursing attendants instead of student nurses.				



BOARD APPROVED CHANGES TO BASE BUDGET

Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Revenue Over/ (Under) Exp
<p>Ancillary Services budgeted staffing will increase by a total of 3.0 positions:</p> <ul style="list-style-type: none"> - 0.4 Clinic Assistant due to volume increased in outpatient visits - 0.5 Licensed Vocational Nurse III due to volume increased in outpatient visits - 0.5 Cytotechnologist to offset decrease in contracted Cytotechnologist position - 1.0 Hyperbaric Therapy Manager to convert contracted service - 4.2 Occupational Therapist II to convert contracted service employees to regular employees - 0.1 Contract Occupational Therapist due to volume increase in outpatient visits - 0.5 Rehabilitation Services Manager for a mid year hire to direct the Rehabilitation Services - 1.3 Special Procedures Rad. Technologist due to increase in volume - 1.0 Physical Therapist Aide due to increase in volume from outpatient visits - 1.0 Physical Therapist Assistant due to increase in volume from outpatient visits - 6.9 Physical Therapist II to convert contracted service employees into regular employees - 8.6 Radiologic Technologist II in to convert contracted service employees into regular employees - 1.0 Supervising Respiratory Care Practitioner due to increase in volume <p>These additions were partially offset by deletions of 24.0 positions.</p> <p>Support Services budgeted staffing will increase by a total of 23.2 positions:</p> <ul style="list-style-type: none"> - 0.5 Call Center Clerk to Appointment Center due to increase in volume - 0.3 Human Resources Officer I to adjust previous year addition to full time employee - 0.7 Public Information Clerk to patient reception to enhance service for Specialty Clinics improving customer service due to increase volume - 2.2 Public Service Employees to fill temporary vacancies in the chart room - 0.5 Staff Analyst II to upgrade position from Store Specialist supporting the Materiel Management Manager - 0.5 Storekeeper to provide additional services for Materiel Management - 0.9 Custodian I to provide additional services for family clinics - 1.0 Registered Nurse II in Employee Health for Employee Wellness and Epidemiology to perform required annual fitness testing - 4.2 Security Technician II to convert contracted services into regular staff - 16.6 Security Technician I to convert contracted services into regular staff <p>These additions were reduced by a reduction in 4.2 positions no longer needed in the department.</p>				
<p>** Final Budget Adjustment - Mid Year Item</p> <p>Increase in costs and revenue in the amount of \$663,700 related to the Clerical Classification Study approved by the Board on April 5, 2005. Related revenue is reflected in Other Revenue.</p>				
2. Position Reclassifications	0.3	12,096	-	(12,096)
<ul style="list-style-type: none"> - A Licensed Vocational Nurse II (LVN) is being reclassified to a LVN III. This reclassification will generate \$8,224 in savings due to budgeting at a lower step. - A Staff Analyst II position is being reclassified to a Medical Staff Coordinator. This reclassification will increase cost by \$20,320 as the budgeted staffing is increasing by .30 				
3. Medically Indigent Adults (MIA) Physician Fees		(352,779)	-	352,779
MIA physician fees decreased due to a reclassification where the CTAP program expenditures are now reflected in Other Charges line #17.				
4. Minor Equipment Purchases		1,858,332	-	(1,858,332)
<p>Increases in non-inventoriable equipment is due to the following:</p> <ul style="list-style-type: none"> - Purchase of 416 laptops and 400 mobile slates and tablet personal computers (PC) devices for the deployment of the Emergency Department and Authorization & Referral Management modules and Computerized Physician Order System . 				
5. Training		130,539	-	(130,539)
The increase in training is for Information Technology staff Meditech training and various other training for Home Health, Patient Accounting, Human Resources and Nursing.				
6. Utilities		370,174	-	(370,174)
The increase in utilities is due to volume and rate increases in electricity, gas and phone rates.				
7. Office Expense		73,918	-	(73,918)
The increase in office supplies and printed forms is due to the increase in volume and rate.				
8. COWCAP		765,817	-	(765,817)
COWCAP charges were increased by 36.27%.				
9. Other Professional Fees Payments		424,530	-	(424,530)
<p>The following changes were made to professional services:</p> <ul style="list-style-type: none"> - Dialysis contract expired on September 2004 and services were brought in-house \$(30,500) - The current security contract was cancelled as of June 2005 and it was replaced by a contract with the Colton Police Department for a total savings of \$(832,602). This savings will offset cost increases related to the additional security personnel being requested above. - The Wound Management Systems contract that provides training and management for the Hyperbaric Therapy program will be expiring in June 2005. The savings of \$(174,000) will more than offset the cost of \$100,061 for the addition of a Hyperbaric Therapy Manager position requested above. - Increase in pharmacy services due to increase in patient volume and a rate increase - \$403,816. - Increase in radiation therapy services due to volume increases and new services being purchased (Intensity Modulated Radiation Therapy) - \$244,407. - Increase in managed care medical services due to increase in claims from Inland Empire Health Plan (IEHP) patients assigned to ARMC using other facilities \$145,194. - Net increase in all other contracts - \$668,215. 				
10. Physician Professional Fees Payments		1,063,277	-	(1,063,277)
Physician professional payments increased due to volume increases and rate increases primarily in Cardiology services (\$0.7 million), patient services in family health clinics (\$0.2 million) and surgery services (\$0.1 million).				
<p>** Final Budget Adjustment - Mid Year Item</p> <p>Increase Professional and Specialized Services costs and Federal Revenue by \$65,000 for Amendment to Contract with Arrowhead Cardiology Medical Group as approved by the Board on May 24, 2005 #48. Associated revenue is reflected in Federal Aid.</p>				
11. Laundry & Linen		197,668	-	(197,668)
The increase in laundry & linen is due to volume and rate increased.				



BOARD APPROVED CHANGES TO BASE BUDGET

Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Revenue Over/ (Under) Exp
12. Changes to medical supplies and pharmaceuticals Decrease in pharmaceuticals of \$(0.1) million due an anticipated increase of \$1.0 million for various volume increases which were partially offset by anticipated savings of \$0.9 million due to changes in the formularies.		100,225	-	(100,225)
13. General Maintenance Equipment The increase in general maintenance is for water softeners to control the well water perchlorate contamination, service to radiators for all seven generators and for air conditioning for medical and vacuum rooms.		266,031	-	(266,031)
14. General Maintenance - Structures Improvement and Grounds The increase in general maintenance in structure Improvement and grounds is for ground maintenance and parking lot pavement.		184,325	-	(184,325)
15. Equipment Rental Equipment rental increase of \$0.4 million is for various equipment rentals to replace aging equipment in Laboratory, IV pumps and larger copiers due to increased patient volume.		430,107		(430,107)
16. Decrease to various expenses Miscellaneous changes in services and supplies.		(148,286)	-	148,286
17. Other Charges Other Charges increased due to a reclass of payments to physicians for the CTAP program of \$167,500 partially offset by a decrease in interest lease cost of \$(64,057) as some lease equipment was purchased during 2004-05 and the anticipated increased in lease equipment was postponed to 2005-06.		103,443	-	(103,443)
18. Increases to Transfers Out Transfers to other departments increased by \$36,840 as a result of the following changes: - Rent increases of \$16,087 - EHAP increases of \$52,950 - Reduction in Human Resources support of \$(32,197)		36,840	-	(36,840)
19. Depreciation Equipment depreciation is decreasing by \$6.1 million as the additions since the Medical Center's opening have substantially been depreciated. Majority of the moveable equipment was given a useful life of 5 years and is now fully depreciated but it has not been replaced.		(6,097,831)	-	6,097,831
20. Operating Transfers Out Operating transfers out increased by \$332,500 due to the following changes: - An additional \$1,070,000 is included to convert the Behavioral Health (BH) inpatient beds into Medical/Surgical beds. - the elimination of the paving project of \$(150,000) as the project will be completed by in-house personnel in 2005-06 as reflected in General Maintenance Structures and Improvements line 14. - the elimination of the Emergency Room remodel costs of \$(600,000) as it was completed during 2004-05.		332,500	-	(332,500)
21. State Aid State Aid is increasing by \$19.1 million due to an anticipated higher allocation of SB 1255 of \$14.3 million; increased costs generating an additional \$5.6 million of AB 915 revenue; Tobacco Tax increased \$0.3 million with a shift in EMSA funds to the hospital; Medi-Cal revenue is increasing by \$0.5 million due to volume increase; and SB 855 is decreasing by a net (\$1.6 million) with the elimination of a one time addition and an increased allocation.		-	19,062,461	19,062,461
22. Federal Aid Medicare revenue is increasing due to increased discharges and an increase in the Federal Diagnosis Related Group (DRG) payment rate. Of the revenue increase, \$65,000 is related to a contract amendment with Arrowhead Cardiology Medical Group as approved by the Board on May 24, 2005 #48.		-	169,577	169,577
23. Current Services The following changes were made to current services: - Decrease in Private Pay of \$(2,391,969) as anticipated increases did not materialize. The adjustment is based on current year trend collections. - Increase in insurance revenue of \$3,727,917 due to a 7% rate increase partially offset by anticipated decreases of \$(1,980,289) due to a shift in patient mix and a decrease in volume in Burn Care Unit due to discontinued contracts.		-	(644,341)	(644,341)
24. Other Revenue Other Revenue increased by \$1.1 million primarily due to an increase in cafeteria sales and reimbursements from Riverside Regional County Medical Center. Increased costs for Clerical Classification Study will absorb \$663,700 of the increase.		-	1,093,315	1,093,315
25. Operating Transfers In Operating transfers in increased by \$4.6 million due to an additional allocation of realignment funds. Out of which \$1,070,000 is one-time as it will fund the CIP for the BH remodel.		-	6,820,000	6,820,000
Total	47.3	2,722,417	26,501,012	23,778,595

DEPARTMENT RECOMMENDED CHANGES IN FIXED ASSETS

Brief Description of Change	Appropriation
1. Capital leases Decrease in Bank of America Cisco lease as the leased equipment was purchased during 2004-05.	(235,507)
Total	(235,507)

